

File Number M/021/030

Effective Date Dec 8 2003

Other Agency File Number UTD-77247-A2

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION of OIL, GAS and MINING  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

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DIV OF OIL GAS & MINING

RECLAMATION CONTRACT

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For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)  
(Mineral Mined)

M/021/030  
Rock

"MINE LOCATION":  
(Name of Mine)  
(Description)

Bright<sup>12</sup> Project  
45 miles west of  
cedar city, utah

"DISTURBED AREA":  
(Disturbed Acres)  
(Legal Description)

189 acres  
(refer to Attachment "A")

"OPERATOR":  
(Company or Name)  
(Address)

3K Louisiana Products LLC  
2160 East River St. Driv  
ST. George Utah 84790 435-628-50

(Phone)



"OPERATOR'S REGISTERED AGENT":

Name)

(Address).

(Phone)

Douglas Hoit  
2160 East Riverside Ave 84790  
St George, Utah 435-628-552

"OPERATOR'S OFFICER(S)":

Douglas Hoit - owner/partner  
Scott Hoit - owner/partner

SURETY":

(Form of Surety - Attachment B)

Letter of credit.

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Sun First Bank.  
LOC #

"SURETY AMOUNT":

(Escalated Dollars)

\$48,300

"ESCALATION YEAR":

2008

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between BH Landscape Products LLC the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/021030 which has been approved/accepted by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved/accepted Reclamation Plan or Notice, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.



NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the approved/accepted Notice of Intention and Reclamation Plan or Notice received Dec 9, 2002. The Notice of Intention and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face



amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.



OPERATOR:

3-H Landscape Products  
Operator Name

By SCOTT HOLT  
Authorized Officer (Typed or Printed)

Partner - Owner  
Authorized Officer - Position

[Signature]  
Officer's Signature

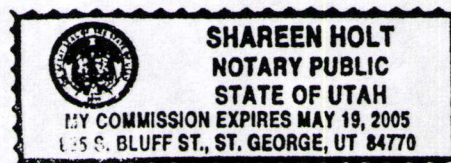
11-17-03  
Date

STATE OF Utah )  
COUNTY OF Washington ) ss:

On the 17<sup>th</sup> day of November, 2003, Scott Holt  
personally appeared before me, who being by me duly sworn did say that he/she is the  
Partner / Owner of 3-H Landscape Products and  
duly acknowledged that said instrument was signed on behalf of said company by  
authority of its bylaws or a resolution of its board of directors and said  
Scott Holt duly acknowledged to me that said  
company executed the same.

Shareen Holt  
Notary Public  
Residing at St George, UT. 84770

May 19, 2005  
My Commission Expires:





**AFFIDAVIT OF QUALIFICATION  
ASSOCIATE DIRECTOR**

--ooOOoo--

Mary Ann Wright, being first duly sworn under oath, deposes and says that she is the Associate Director of Mining for the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah; and that she is duly authorized to execute and deliver the foregoing obligations; and that said Associate Director is authorized to execute the same by authority of laws on behalf of the State of Utah.

(Signed) *Mary Ann Wright* 12/8/2003  
Mary Ann Wright, Associate Director, Mining  
Division of Oil, Gas and Mining

Subscribed and sworn to before me this 7<sup>th</sup> day of December, 20 03

*Joelle Burns*  
Notary Public

My Commission Expires:

April 4, 20 05.



Attest:

STATE OF Utah )

COUNTY OF SL ) ss:



ATTACHMENT "A"

3-H Landscape Products LLC  
Operator

Bright 142  
Mine Name

M/021/030  
Permit Number

Iron County, Utah

LEGAL DESCRIPTION

*Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.*

The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed 18.9 acres under the approved / accepted permit and surety, as reflected on the attached map labeled Project Map 1 and dated March 31, 2003:

Portions of

SE 1/4 SE 1/4 - Section 21

SW 1/4 SW 1/4 SW 1/4 - Section 22

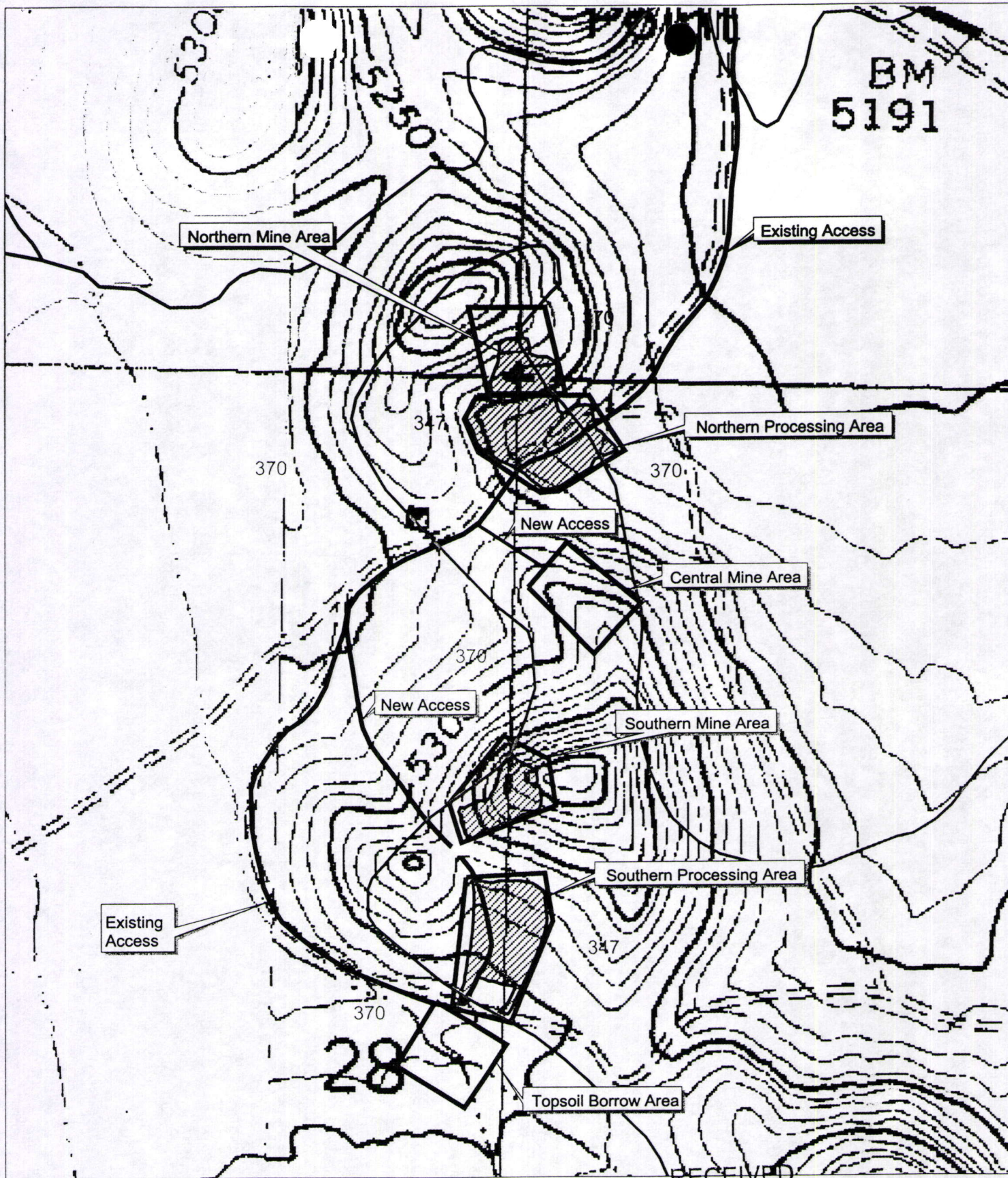
NW 1/4 - section 27

E 1/2 E 1/2 - Section 28

NE 1/4 NE 1/4 NE 1/4 - section 33

Township 35 South Range 17 West





Project: Bradshaw Bright Quarry  
 BLM File: UTU-79703  
 DOGM File: M/021/030

- Soil Type
- Permit Boundary
- Current Disturbance (3/2003)
- Roads

MAR 31 2003

DIV OF OIL GAS & MINING



Scale 1 : 6,000  
 1" = 500'

Project Map 1





146 East St. George Blvd.  
St. George, Utah 84770  
(435) 673-9610 (435) 688-1005 - FAX

Letter of Credit No. 154000020  
(Corrected Copy- replaces incorrect letter with same number)

Date: November 18, 2003

UTAH DIVISION OF OIL, GAS AND MINING  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

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DIV OF OIL GAS & MINING

and

U.S. DEPARTMENT OF INTERIOR  
Bureau Of Land Management  
Utah State Office  
324 South State Street  
Salt Lake City, Utah 84111-2303

Gentlemen and Ladies:

1. SunFirst Bank, ("Bank") of 146 East St. George Blvd., St. George, Utah, hereby establishes this irrevocable letter of credit ("Letter Of Credit") in favor of the Utah Division of Oil, Gas and Mining ("Division") for itself and as agent for U.S. Department of Interior, Bureau of Land Management (Collectively, the "Beneficiaries"), for an aggregate amount not to exceed \$48,300.00 in United States Dollars ("Face Amount") effective immediately. This Letter Of Credit replaces Letter Of Credit No. \_\_\_\_\_ issued by SunFirst Bank on April 23, 2002, and by accepting this Letter Of Credit, Beneficiaries agree to the early termination of Letter Of Credit No. 1

2. This Letter Of Credit will expire upon the first event set forth below:
- 5:00 p.m. (Salt Lake City time) on November 17, 2004 (expiration date); or
  - The date upon which sufficient documents are executed by the Division to release 3 H Landscape Products ("Operator") from further liability for reclamation of the Bright #1 & 2 Mine, Mine Permit # M/021/030 with notice to Bank by the Division accompanied by the original Letter Of Credit with directions for cancellation.

3. This Letter Of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless the Bank gives



written notice to the Division not less than ninety days prior to the expiration date that the Bank elects not to renew the Letter Of Credit.

4. Funds under the Letter Of Credit are available against the Division's properly executed sight draft, specifying Letter Of Credit No. \_\_\_\_\_ delivered to the office of the Bank at 146 East St. George Blvd., St. George, Utah 84770. At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit A, signed by a duly authorized representative of the Division.

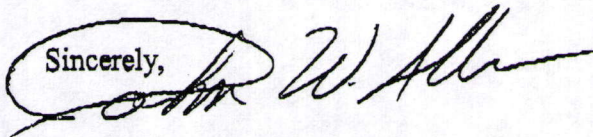
5. If the Bank receives the Division's sight draft(s) and certificate(s) as provided in paragraph No. 4 above on or before the expiration or termination of this Letter Of Credit, the Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph 4 of this Letter Of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following the Bank's receipt of the properly drawn sight draft and certificate and in such manner as the Division may specify.

6. The Letter Of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practices for Documentary Credit, 1993 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.

7. All communications to Bank regarding this Letter Of Credit will be addressed to the Bank, SunFirst Bank, 146 East St. George Blvd, St. George, Utah 84770, referencing Letter Of Credit No. \_\_\_\_\_.

8. All communications to Beneficiaries regarding this Letter Of Credit will be address to the Division at UTAH DIVISION OF OIL, GAS AND MINING, 1594 West North Temple, Suite 1210, Box 145801, Salt Lake City, Utah 84114-5801. Division agrees that it will share all communications regarding this Letter Of Credit with U. S. Department Of Interior. If Division is terminated as agent for U.S. Department of Interior, or their authority to act in behalf of U.S. Department of Interior is impaired, Division will notify Bank immediately of the details of this termination or impairment.

Sincerely,



John W. Allen  
President



**EXHIBIT A**

**To**

**Letter Of Credit No. 154000020**

**To: SunFirst Bank**

\_\_\_\_\_, duly authorized representative(s) of  
the Utah Division of Oil, Gas and Mining, acting for themselves and all other  
Beneficiaries of the Letter Of Credit, hereby certify that:

1. The drawing in the amount of \$ \_\_\_\_\_, by sight draft  
accompanying this certificate, under Letter Of Credit No. 154000020, dated  
November 18, 2003, issued by you is legal, and is permitted under the  
provisions of the Letter Of Credit;
2. The Letter Of Credit has neither expired nor terminated pursuant to its terms;
3. The amount of the sight draft, together with any amounts previously drawn  
under the Letter Of Credit, does not exceed the Face Value;
4. The drawn funds are due to the Utah Division of Oil, Gas and Mining. The  
Operator has been ordered to pay the funds, and Operator has failed to make  
the payment as ordered;
5. Proceeds from this drawing will be utilized, in full, to pay the expenses  
relating to the reclamation liability for the Bright # 1 & 2 mine, mine permit  
number M/021/030.
6. A list of unpaid expenses required to complete the reclamation of Bright #1  
and #2 are attached hereto; and
7. The Utah Board of Oil, Gas and Mining, after notice and hearing, has entered  
an Order which has not been stayed, ordering forfeiture of Letter Of Credit  
No. 154000020 in accordance with applicable law.

**The Utah Division of Oil, Gas and Mining**

**The Bureau of Land Management**

By: \_\_\_\_\_  
Authorized Signature

By: \_\_\_\_\_  
Authorized Signature

Date \_\_\_\_\_

Date \_\_\_\_\_